

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Approved By:

Robin Tilsworth

Prepared By:

Darlene Dessureault

Report Highlights:

Saskatchewan Releases Impact Report of Potential Viterra Takeover * Construction of \$50-Million Pulse and Pasta Plant Delayed * UN Food Security Special Rapporteur Critical of Canada's Lack of a National Right to Food Strategy * CWB Restructuring Continues: End of Organic Sector Market Development, Cutting Employees * End of the Enviropigs * New Import Measures for Horses Entering Canada from the United States

This Week in Canadian Agriculture is a review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press article summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

Saskatchewan Releases Impact Report of Potential Viterra Takeover: The provincial government-commissioned, independent analysis of the impact the potential takeover of Viterra by Glencore could have on the province of Saskatchewan was made public on May 11, 2012. In the news release announcing the release of the review, Saskatchewan Agriculture Minister Bob Bjornerud stated that the report highlights both the potentially positive and the potentially negative aspects of the deal. On the positive side, the review states that the deal has the potential to give Canadian farmers better access to world markets, improve grain handling operation and strengthen Saskatchewan's position in the grain industry (should Glencore keep true to its commitment to establish their North American headquarters in Regina, Saskatchewan, as well as its promise to increase capital spending in Western Canada by C\$100 million over five years). The report also highlighted some concerns regarding lack of competition in the farm inputs sectors with the transfer of acquisition to Agrium, a significant nitrogen producer. The provincial agriculture minister also stated that these are all issues that the federal government will have to consider when going through its review process under the Investment Canada Act. Glencore issued a statement in response to the acquisition report. In the statement release, Glencore says that they welcome the conclusions of the report and are pleased with the general conclusion that overall, it would appear that the opportunities outweigh the risks for Saskatchewan.

The Government of Saskatchewan's news release and links to the review are available at the following URL address: <http://www.gov.sk.ca/news?newsId=ff29c049-6b81-4f8f-ada5-e9ec1da26857>. Glencore's response is available at the following URL address: http://www.glencore.com/documents/Informa_Statement.pdf

Construction of \$50-Million Pulse and Pasta Plant Delayed: Alliance Grain Traders released a press release on May 10, 2012 announcing their first quarter 2012 results. The news was not good for Regina residents who were looking forward the construction a \$50-million pulse and pasta plant first announced in the fall of 2011 and planned for 2012. In the news release, Alliance Grain Traders stated that capital programs scheduled for 2012 were being scaled back and deferred to 2013 and beyond. They specifically stated that their plans for the construction of the \$50-million pasta and pulse processing plant in Regina would be deferred until 2013 while they considered the developments in the North American grain industry. They cite pending developments such as the Canadian Wheat Board's move to

an open-market model, the potential takeover of Viterra by Glencore, and the potential Comprehensive Economic Trade Agreement (CETA) between Canada and the European Union as factors which they will be monitoring closely. The proposed pasta and pulse plant was celebrated by the Canadian government as proof that the mandate changes to the Canadian Wheat Board would result in increased investment in value-added production.

The May 10, 2012 press release from Alliance Grain Traders is available at the following URL address: <http://www.alliancegrain.com/download/182>. The October 7, 2011 Government of Canada news release announcing the construction of the plant, an event which was attended by Prime Minister Stephen Harper and the federal Minister of Agriculture, Gerry Ritz, is available at the following URL address: <http://www.pm.gc.ca/eng/media.asp?category=1&featureId=6&pageId=26&id=4384>

UN Food Security Special Rapporteur Critical of Canada's Lack of a National Right to Food Strategy:

On May 15 the UN's Special Rapporteur Olivier De Schutter wrapped up the first review of a developed nation. The news release and statement were not well received by the government. Canadian Immigration Minister Jason Kenney commented, "We think the UN (World) Food Program should focus its efforts on those countries where there is widespread hunger, widespread material poverty and not get into political exercises in developed democracies like Canada." In the 11-day review the Special Rapporteur travelled across Canada and met with political party officials, government officials, civil society groups, researchers, academics and aboriginal groups. De Shutter was encouraged by how alive the right to food movement is in Canada, but he was also highly critical of Canada's lack of a national food strategy that could eradicate hunger. He stated, "Canada has long been seen as a land of plenty. Yet today one in ten families with a child under six is unable to meet their daily food needs. These rates of food insecurity are unacceptable..." He pointed out that Canada ranks sixth in the Human Development index and fared relatively well in the recent economic crisis. He noted, however, that the gaps between those living in poverty and those in the middle to high income segments are widening and that a growing number of people across Canada are unable to meet their basic food needs. He expressed particular concern for the severe food insecurity issues faced by Canada's aboriginal peoples. De Schutter expressed concerns about the general direction of agricultural policies and the movement towards large-scale, input-intensive modes of production which has led to increased concentration in the agricultural sector. He also expressed specific concerns regarding the Canadian government's decision to eliminate the Canadian Wheat Board's single-desk selling authority as well a restructuring of the Canadian Grain Commission.

Following are links to the press release and full statements. A final report will be submitted to the United Nations Human Rights Council in 2013.

<http://foodsecurecanada.org/sites/foodsecurecanada.org/files/May16UNpressrelease.pdf>

<http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=12159&LangID=E>

CWB Restructuring Continues: End of Organic Sector Market Development, Cutting Employees:

On May 7, 2012, the Canadian Wheat Board (CWB) issued a notice to organic grains farmers that the CWB's Organic Fixed Spread Contract program will be discontinued after the completion of the 2011-2012 crop year which ends on July 31, 2012. In addition, the CWB has announced that it has ended its organic marketing program with all organic purchases and deliveries having been executed. The CWB Organic Sector Market Development Initiative (OSMDI) will also be discontinued in the new marketing year. The OSMDI provide over half a million dollars to 20 different projects from 2008 until present

and contributed to a number of organic research initiatives and extension events. These programs are being closed as part of the ongoing restructuring of CWB services and priorities. The CWB has also confirmed that it will be cutting its original workforce of 400 employees to 100 by the end of the year 2012 due to the fact that it will have less grain to handle.

End of the Enviropigs: The University of Guelph's Enviropig project is slated to be reduced now that the project's main financial backer, Ontario Pork, has withdrawn its funding. The Enviropig was developed by, and the technology is owned by researchers at the University of Guelph in Ontario, however Ontario Pork holds the trademark. Ontario Pork and the University of Guelph had signed a joint development agreement for the sharing of any revenue that may be realized should the technology ever be commercialized. On the Ontario Pork website, the organization explains that the research will continue but in a more cost effective way that does not require the continual breeding and generation of live animals. While the University of Guelph's business development office looks for new funding sources, the fate of the 16 enviropigs in the research program is uncertain since strict containment protocols prevent the university from being able to adopt out the pigs, which are genetically modified to generate less-polluting waste. Enviropigs are a genetically enhanced line of Yorkshire pigs with the capability of digesting plant phosphorus more efficiently than conventional Yorkshire pigs. More efficient phosphorus digestion means lower phosphorous levels in the feces which would lead to a reduced environmental impact in areas where soil phosphorus exceeds desirable levels.

More on the Enviropig project can be found at the following Guelph University URL address:

<http://www.uoguelph.ca/enviropig/index.shtml>, and on the Ontario Pork website:

<http://www.ontariopork.on.ca/Research/Enviropig.aspx>

New Import Measures for Horses Entering Canada from the United States: The Canadian Food Inspection Agency (CFIA) issued a notice that it will be implementing new import measure for horses Entering Canada from the United States. These measures are being done to protect Canadian livestock from an outbreak of vesicular stomatitis reported in New Mexico. As of May 4, 2012, hoses originating from the state of New Mexico will not be permitted to enter Canada and horses returning from New Mexico will be allowed entry into Canada if additional import requirements are met. Canada will also be requiring that all horses entering Canada from the United States be accompanied by official U.S. documents certifying that they have not been in the state of New Mexico within the previous 21 days.

More information on these measures and the additional import requirements can be found from the accessed from the following URL address: <http://www.inspection.gc.ca/animals/terrestrial-animals/diseases/reportable/vesicular-stomatitis/import/eng/1336159996446/1336160107164>

Exchange Rate: Noon rate, May 30, 2012 (Bank of Canada): U.S. Dollar = C\$1.0286

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